

WORKING CAPITAL FUND BOARD
MINUTES OF MEETING
MARCH 8, 2000
(1:30-3:30 PM)

Attendees: See attached list.

I Minutes of November 10, 1999 Board Meeting:

Approved without comment

II Minutes of February 11, 2000 Board Meeting:

Minutes of the meeting include an attached memorandum from the Board Chair, David Klaus, to the Deputy Secretary (subject, "Approval of Extension of WCF Board Appointments") signed by T.J. Glauthier on 12/29/99.

Approved, with the request that comments received concerning the 37 proposed improvement initiatives be circulated to Board Members

III Report of Business Results - 1st Quarter:

[see Board Briefing Materials, "Working Capital Fund FY2000 First Quarter Report"]

The Board Secretary noted that Fund performance overall is consistent with expectations; however, two business lines in particular have experienced unusual first quarter losses:

1) Supply Business

- S** Recorded a downward adjustment in inventory valuation.
- S** Incurred implementation costs for a new supply system (Quicksell) that replaced AMPS.
- S** Paid a contingent liability for services received in a prior fiscal year.

2) Payroll Processing

- S** Incurred front-end systems implementation costs. Costs will decrease significantly during the 3rd and 4th quarters and losses are expected to be effectively abated over the course of the entire year.

3) The Secretary also mentioned the following items:

- S** The Financial Report indicates \$42 M unobligated customer advances at

- S the end of Quarter 1. That level will not be maintained over the full 12 months of the Fiscal Year.
- S In a previous audit report, IG noted that MA expenditures seemed somewhat above the norm relative to other Fund customers of comparable size. This is due largely to MA's "subsidy" of the business lines for rent and other overhead and personnel support type expenditures. **[The Fund Manager issued a follow-up report, "WCF Cost Structure Analysis, FY 2000" on April 6, 2000].**

IV Update on Secretarial Improvement Initiatives (Deborah Dawson, Associate CFO):

The Secretary held a meeting on Friday, (March 3) to discuss the status of various proposals made for improving operational efficiency within the Department. Topics included:

- Contractor management issues, including fees and overhead
- Project Management (better baselines on construction projects)
- Reengineering human resources systems
- Cross-cutting training
- Simplified Purchase Agreements and Electronic Commerce
- Combining Procurement and Financial Systems
- Pooling of Purchasing Power for Travel
- Pension Review and Health Care related to Site closings
- Management of Personal Hi-Tech equipment
- Grants and "Earmarks" Data Base
- Reducing Asset Inventories
- A Nuclear materials management study (due March 30)
- The Department's "Footprint" (DOE Property holdings)

Taken off the Secretary's Initiatives List:

- Payments in Lieu of Taxes
- State Taxes on DOE Sites

V Status of WCF Improvement Initiatives (Board Secretary)

- As a result of the previous Board Meeting and subsequent comments received, two proposed WCF improvement initiatives will be removed from consideration:

S DCAA Audits

S Background Investigations

[See revised list of WCF Improvement Initiatives]

- Since only five Board Members submitted comments, there was no clear indication

concerning the disposition of the remaining 35 proposals. Therefore, the proposals will continue to be evaluated by the various Working Groups, pending further action by the entire Board.

- IM Initiatives were presented to the IM Steering Committee by John Gilligan, CIO, on March 6, 2000 [**See Board Briefing Materials**]

Comment: Regarding the proposed IM organizational structure, Information Technology (IT) Services would constitute a “mega-business” within the existing WCF. It would potentially operate as an “umbrella” organization over several IM Business Lines.

Q: Does the proposed structure indicate that individual business line managers would operate outside WCF control:

A: That is not believed to be the intent but more details are required

Action: The Board Secretary will distribute results of IMSC discussion to WCF Board members.

Q: If we do implement the proposed structure (as opposed to a completely separate Fund for IT), what would the cost implications be?

A: One of the CIO’s goals is to consolidate billing operations. His intent is to be more efficient.

The Chair suggested that further Q’s & A’s be deferred until after the meeting of the Executive Committee on Information Management (ECIM) scheduled for later in March.

VI Deferred Initiative Proposals: (Board Secretary)

The Board Secretary discussed three specific improvement initiatives originally assigned to the Financial Administration (FACA) Working Group for evaluation and recommended they be suspended from further consideration in the near term.

1) Field Landlord costs

S Recommended deferral pending outcome of legislation being considered for FY 2001.

2) Asset Sales

S Recommended suspend consideration due to pending legislation

3) Aircraft Operations

- S There may be alternative approaches to handling the lease or sale of aircraft under the Economy Act.

***Motion:** The Board approved deferring all 3 items

VII Benchmarking Findings (Ed Verburg)

There has been tremendous growth in both the number of funds and the dollars involved in each fund.

- S There are 53 Funds in operation across the federal government:
S Kelly, Anderson's survey reviewed 17 Funds (in 12 Dept's)
S The survey includes responses from 15 Funds (17 Dept's)

Findings follow:

Aspects of other Working Capital Funds:

- Capitalization
- Reinvestment
- Federal Salaries

Considerations:

- Capacity
- Customer Orientations
- Plan for Contingencies
- Implication of Switch from Approp. Environment to Fund Environment

Best Business Practices:

- Business Plans
- Customer Choice/Flexibility
- Quarterly P&L Statements
- Cost Avoidance, Savings, Competitive Pricing

Implementation Planning should include:

- Critical Analysis
- Added Value
- Competition
- Business Ethic

VII Presentation of Financial Administration (FACA) Working Group (Jean Morgan)

The Group proposed 3 initiatives for immediate implementation:

- 1) National Archives and Records Administration (NARA)

- S \$850K total estimated cost in FY 2000
- S DOE is billed on a unit cost per cubic foot basis at each DOE site

- 2) Government-Industry Data Exchange Program (GIDEP)
- 3) Small Business Administration Assessments

Discussion followed concerning use of Program Mission funds versus Program Direction.

Comments: Clearly a cost of doing business. There is no compelling argument for use of Program Direction funds thru the WCF. There are alternative approaches.

All 3 issues are generally construed to be governed by the same considerations.

***Motion:** All 3 initiatives should be charged to programs outside the WCF with understanding that non-Program Direction funds may be used to pay these types of expenses (using equivalent allocation methodologies to those presented to the Board or to that used for DCAA Audits). Motion Adopted by Board. Future cost allocations will be administered by the CFO - no longer a Board issue.

IX Administrative Services Working Group (Laurie Smith)

- Mail Services - The Group proposed that this business line implement a Dedicated Service Option

*** Motion:** Change adopted by Board

- The Group also recommend removal of two proposed initiatives from further consideration:
 - S Office Furniture
 - S Travel Services

* Deletions adopted by Board

X Infrastructure Improvement (Louis D'Angelo)

- The Board previously approved use of \$3.0 M in Building Occupancy earnings to fund Forrestal and Germantown facilities improvements for:
 - S Emergency Power Generation (\$1 M)
 - S Window blinds (\$600K)
 - S Restrooms
 - S Convectur Units
- The Building Occupancy business line manager requested that improvements of

Restrooms and Convector Units be deferred, and the remaining balance of available earnings be applied to two new initiatives, as follows:

- S Upgrade of GOHO facility in Germantown (\$1.0 M)
- S Upgrade of Snack Stands at two locations in Forrestal (\$0.2 M)

* **Motion:** Board approved reallocation of necessary funds for improvement of GOHO and Snack Stand facilities.

XI HR Working Group (Steve Durbin)

- The Group recommended that four proposals be given further consideration
 - S Training Programs
 - S CHRIS Operations
 - S Health Unit
 - S Employee Assistance Program
- 3 items were recommended to be removed from further Working Group evaluation:
 - S Workmen's Compensation
 - S Flexiplace
 - S Student Diversity Program

* **Motion:** The Board approved the Groups's recommendations as made.

BOARD MEMBERS:

CR Tom Dehanas/Deborah Dawson
MA Tom Tamura/David Klaus
SC John R. Clark
IN [Not Represented]
NE John Stamos
GC Ralph Goldenberg
NN Tom Ryder
EE [Not Represented]

EIA Steve Durbin
EM Michael Kleinrock
DP Roger Lewis
PO [Not Represented]
FE Chuck Roy
EH Lesley Gasperow
Secretary- Howard Borgstrom

ATTENDEES:

Jean Morgan - CR
George Tengan - CR
Joanne Luczak - CR
Kristin Draude - CR
John Mathis - CR
Steve Huff - EE
Alan Gann - EE
Geoff Judge EH
Dan Woomer - EI
Gail Stern - FE
Barry Schrum - IG
Laura Brown PA
Mike Orosz - SO
Ann Warnick - SO
Marty Lydick - SO
Nancy Tomford - SO
Betty Mohr - SO
Chuck Guyker - SO
Roger Seifert - BPA

MA:

Pete Richards
Fran Feiner
Steve Perin
Roscoe Harris
Louis D'Angelo
Tony Nellums
Brian Costlow
Jerry Venanzi
Laurie Smith
Linda Sye
Mary Anderson
Doug Bielan
Amos Street
Ingrid Robinson
Karen Adams
Don Frizzell
John Harrison
Carolyn Collins
Margaret O'Brien
Ed Verburg (Kelly, Anderson)